


California Public Employees' Retirement System

**Board of Administration
Pension and Health Benefits Committee
Meeting Minutes**

February 14, 2017



The Pension and Health Benefits Committee (PHBC) met in Open Session on Tuesday, February 14, 2017, in the Lincoln Plaza North Building, 400 Q Street, Sacramento, California.

The meeting was called to order at 8:07 a.m. with the following members present:

Priya Mathur, Chair
Michael Bilbrey, Vice Chair
Steve Juarez for John Chiang
Rob Feckner
Richard Gillihan
Dana Hollinger
Henry Jones
Teresa Taylor
Alan LoFaso for Betty Yee

Other Board Members Present:

JJ Jelincic
Ron Lind
Bill Slayton
Richard Costigan

Agenda Item 2 – Election of PHBC Chair and Vice Chair

Priya Mathur was elected Chair, and Michael Bilbrey was elected Vice Chair, of the Pension and Health Benefits Committee.

Agenda Item 3 – Executive Report(s)

Liana Bailey-Crimmins, Interim Deputy Executive Officer (DEO), Benefit Programs Policy and Planning, provided updates on affordability, prior authorization mailings going to our members, the Pharmacy Benefit manager transition from CVS Caremark to OptumRx, plans to reinstate quarterly presentations on health care innovations. Ms Bailey-Crimmins also reminded our members that from January to March 1st, their plans will be mailing them a 1095B and a 1095C form to their home in order to be compliant with the proof of coverage listed out in the Affordable Care Act.

Donna Lum, Deputy Executive Officer (DEO), Customer Support Services, provided an update of some customer service performances achieved during the month of January, mitigation plans and efforts to ensure optimal customer experience and reduce call wait times, the CalPERS Benefit Education Events, and plans for a tour for the Board to go out to the West Sacramento office to tour the call center. Ms Lum also gave an update on a project initiated in the fall where they transitioned our members to receiving customized open enrollment materials on-line through their my|CalPERS accounts.

Agenda Item 4 – Consent Items

The Committee accepted the following Action Consent Item:

- 4a. Approval of the December 20, 2016, PHBC Meeting Minutes

Agenda Item 5 – Consent Items

The Committee accepted the following Information Consent Items:

- 5a. Annual Calendar Review
- 5b. Draft Agenda for the March 14, 2017, Pension and Health Benefits Committee Meeting
- 5c. Federal Health Care Policy Representatives Update
- 5d. Federal Retirement Policy Representatives Update
- 5e. Retired Members Cost of Living Report was moved to the end of the Information Agenda Items
- 5f. Public Agency Recruitment and Retention for the Health Benefit Program

Agenda Item 6 – Review Pension & Health Benefits Committee Delegation

Ms Bailey-Crimmins presented information on staff's recommendation to approve the PHBC Delegation for the Board of Administration's consideration and approval with no recommended changes from the prior year.

Michael Bilbrey moved staff's recommendation to consider and approve the PHBC Delegation. The motion was seconded and carried.

Agenda Item 7 – Annual Review of the Legislative and Policy Engagement Guidelines- Second Reading

Mary Anne Ashley, Chief, Legislative Affairs Division, presented a continuation of the annual review and discussion of the legislative and policy engagement guidelines. This agenda item asks the Committee to choose between two alternatives that resulted after a discussion that occurred at the January offsite regarding the continuing use of the guidelines being advanced. Option 1 – to dispense with the guidelines in favor of relying on other Board-approved documents or Option 2 – to continue use and update the guidelines as necessary. Additionally, the Committee has asked to clarify that it has or has not delegated to the CEO primary responsibility for determining whether CalPERS should take a position on any federal legislation, and if so, what that position should be?

The motion was seconded and carried.

Additional discussion will be held in the Full Board Meeting on February 15, 2017, which will be captured in the Full Board Meeting minutes.

Agenda Item 8 – Approval of Final Proposed Regulation on Clarification of Combination Enrollments and Public Hearing (9:00 am TIME CERTAIN)

Shari Little, Chief, Health Policy Research Division, presented information on staff's recommendation to approve for submission to the Office of Administrative Law, the proposed regulation clarifying the rules governing family health benefit plan enrollments where some family members may enroll only in basic plans and other members may enroll only in Medicare of supplemental plans (combination enrollments).

At this time Richard Costigan joined the meeting.

Tim Behrens, President, California State Retirees and Kent McKinney, retired CalPERS member spoke on this item during Public Hearing.

Steve Juarez moved staff's recommendation to adopt the proposed amendment to the regulation as modified. The motion was seconded and carried. There were two noes.

Additional discussion will be held in the Full Board Meeting on February 15, 2017, which will be captured in the Full Board Meeting minutes.

Agenda Item 9 – Peace Officers Research Association of California 2018 Regional Rates

As an information item, Kathy Donneson, Chief, Health Plan Administration Division, presented the Peace Officers Research Association's (PORAC) proposal to implement regional rating for its Basic health plan for the 2018 plan year. In order to do this, PORAC must seek legislation to amend Government Code section 22850(g). If PORAC wants to implement regional rating for the 2018 plan year, then it will need to pursue urgency legislation to assure it has the authority to do so prior to June 2017, when our health plan rates are set.

Agenda Item 10 – Health Open Enrollment Results

As an information item, Ms Little provided an update of the movement of members into different health plans, based on the results of the 2016 Open Enrollment period.

Agenda Item 5e – Retired Members Cost of Living Report

Ms Lum and Anthony Suine, Chief, Benefit Services Division provided information regarding the upcoming 2017 Cost of Living increase for retired members, also known as COLA increases. This information is being communicated to our retirees in a variety of ways including a spring PERSpective news article, and on the CalPERS website FAQs and fact sheets.

Al Darby, Retired Public Employees Association member spoke on this item.

Agenda Item 11 – Summary of Committee Direction

Ms Bailey-Crimmins provided a summary of the Committee direction from the February 14, 2017, meeting. The Committee directed staff as follows:

- Agenda Item 7 – Develop Health Care Beliefs for the Legislative and Policy Engagement Guidelines to be set as a future agenda item.
- Agenda Item 8 – Review and bring back to the committee, potential cost, rate, and other implications in accordance to separate enrollments and combination plans.

Agenda Item 12 – Public Comment

No Public Comment

The meeting was adjourned at 9:25 am.

The next meeting of the PHBC is scheduled for March 14, 2017, in Sacramento, California.

Liana Bailey-Crimmins
Interim Deputy Executive Officer
Benefit Programs Policy and Planning